



March 9, 2010

**Senator Paul R. Doyle, Co-Chair
Representative Toni E. Walker, Co-Chair
Members of the Human Services Committee**

Testimony Regarding Senate Bill No. 219, AAC STATE CONTRACT REDUCTIONS

I am Rose Alma Senatore, Chief Executive Officer of Catholic Charities. I appreciate this opportunity to discuss Senate Bill No. 219, An Act Concerning State Contract Reductions.

Private providers contract with numerous state agencies for the provision of services. Generally, funds are expected to be expended in the designated line items. However, the state agencies do allow for budget revisions in various line items during the contract year. This has worked effectively for us during "ordinary" fiscal times and is appropriate for program oversight.

The State retains its authority over the budget. This bill is only in the case of rescissions made late in the year.

I have attached a letter that we received on Wednesday (March 3) which clearly demonstrates the issue. We received notice of a 5% rescission for the Nurturing Families Program, which is equal to 20% in the last quarter. We will have to submit a revised program budget for the next three months for three locations. The letter indicates that only proposals which impact program services will require a narrative and will be subject to approval by the department.

We are asking your support of Senate Bill No. 219. This bill would allow private providers to transfer monies among line items in their approved operating budgets up to the aggregate amount of such reduction when the reduction is 5% of the contract or greater. Private providers need to respond in a timely manner and to safeguard that their proposed changes which may require a reduced level of services not be rejected by a State agency when a significant reduction is made to a contract.

Thank you for your time and support of this bill.



STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES
25 SIGOURNEY STREET HARTFORD, CONNECTICUT 06106-5033

To: Joyce Bosco, Program Manager
Catholic Charities

From: Karen Foley-Schain, Director
Children's Trust Fund

Date: March 3, 2010

Subject: Contract Number 08CTF0132SS

With the state budget continuing to face a substantial shortfall, Governor Rell has exercised her authority to order 5% rescission in various state accounts.

As a result, the Department of Social Services has been directed to reduce funding for many of its programs and services including those programs and services implemented through the Children's Trust Fund. To implement this directive, the department must reduce a number of those provider contracts funded through those accounts that are subject to the 5% rescission.

The purpose of this letter is to notify you that the account which funds the above referenced contract, in whole or in part, has been subject to a 5% rescission. Therefore the Department is reducing the above referenced contract by \$8,386.91 from its current value of \$594,114.00 to a reduced value of \$ 585,727.09 and you are hereby formally notified and advised that you must operate within this reduction through June 30, 2010, the end of the current state fiscal year.

As the Department is required to implement these rescissions during state fiscal year 2010 we must reduce the maximum contract value and the scheduled payment for services to be provided during the period April 1, 2010 to June 30, 2010.

To demonstrate the impact of this reduction you must submit to DSS a revised budget that identifies where spending will be reduced during the last quarter of the current fiscal year.

As you prepare your budget revision and consider the areas that can absorb the reduction, we ask that you do what can be done to trim administrative costs, program materials, training, program supplies and other expenses that do not directly impact staffing or program services. We do, however, recognize that despite your best efforts you may have no choice but to impact program services. If that is the case, in addition to the submission of a budget revision you must submit a narrative describing your proposed revisions to the scope of services.

The DSS budget form and contractor information form are attached. The narrative describing your proposed revisions to the scope of service should be no more than one type written page and must clearly state the proposed change, the rationale for the change, and the impact on program services, if any. Please e-mail the revised budget and, if necessary, the proposed revision to your scope of services to your program liaison by April 1, 2010.



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The Department will review the revised budget and scope of service, and if acceptable, will incorporate the revised budget and scope of services through a formal contract amendment. The terms of the amendment will include a reduction to the maximum contract value, a reduction to the payment for the last quarter of state fiscal year 2010, the accepted budget revision and, if necessary, corresponding reduction to the scope of services.

Please be advised that while this rescission is for the current fiscal year, given the state's fiscal situation, you should plan for the worst—which could mean a continuation of the rescission throughout the upcoming state fiscal year.

As we are required to process a formal contract amendment to implement the contract rescissions we will also be using this opportunity to implement the changes to the Health Insurance Portability and Accountability Act (HIPAA).

A Business Associate, as defined under HIPAA, is "an entity working on behalf of a covered entity (DSS) that uses or discloses protected health information" in the scope of their work and is not a member of the covered entity's workforce. For purposes of this contract your organization meets the definition of a Business Associate and therefore has been and remains obligated to comply with the HIPAA rules. The changes to HIPAA will be directed to you in a separate document and will also be incorporated into the formal amendment.

We may also take the opportunity to amend other issues in the contract if they're identified. Please contact your program liaison if you have any questions.

We regret that we have to take this action but given the fiscal environment, have no choice. We thank you, in advance, for your expected cooperation.

C: Linda Harris
Program Liaison

Attachments